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20 March 1958

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CENTRAL INTELLIGENCE BULLETIN



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State Department review completed

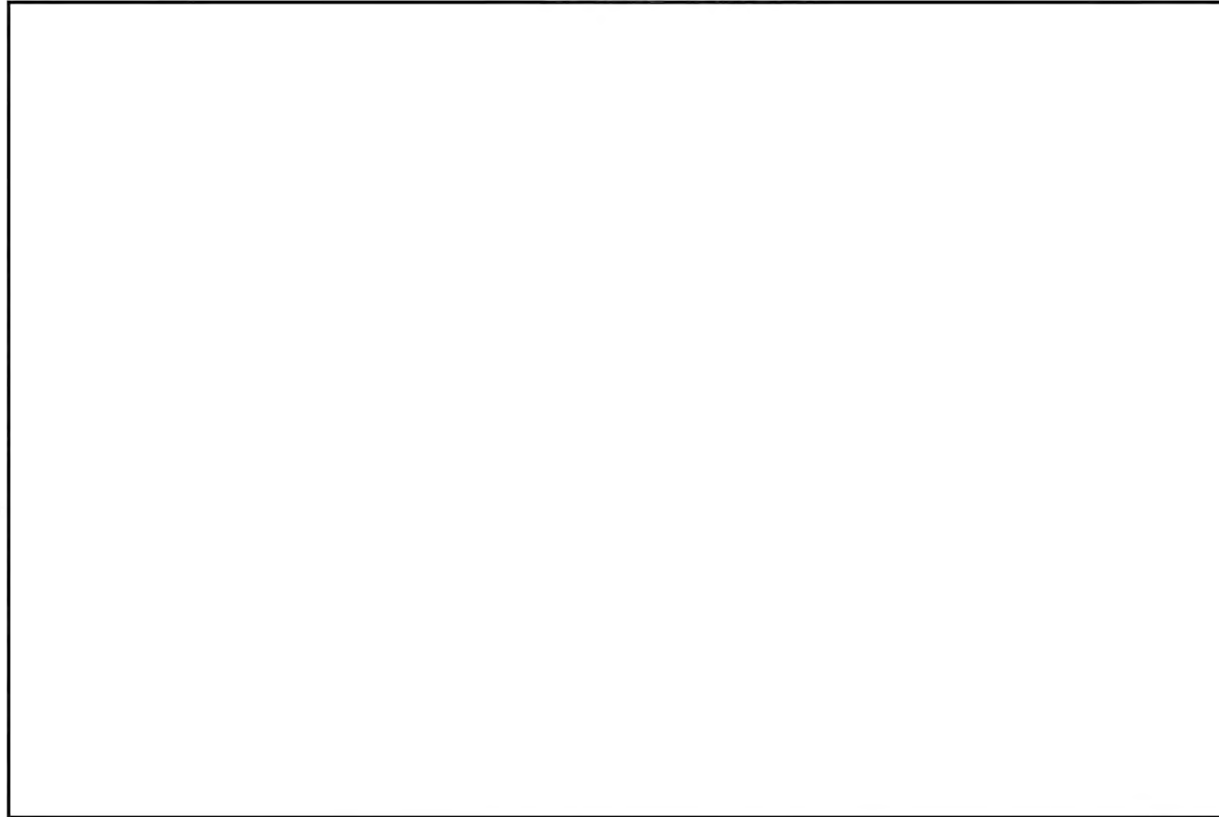
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DAILY BRIEF



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yes Soviet leadership: Two recent speeches by party presidium member Suslov tend to support earlier reports of his opposition to Khrushchev's machine tractor station (MTS) reorganization plan. In his election speech, Suslov, in contrast with the other leaders, mentioned the MTS plan only perfunctorily and appeared to go out of his way to avoid citing Khrushchev.

[REDACTED]
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[REDACTED]

II. ASIA-AFRICA

No Indonesia: Forces of the central government are believed to hold the oil centers of Central Sumatra as well as Medan in North Sumatra. While the dissidents claim they will receive support from Atjeh, no Atjehnese units are known to have joined the dissident forces. In South Sumatra, Lt. Col. Barlian is said to have reaffirmed his neutral posture. There is no further available evidence about the planned central government landings on the west coast of Sumatra. Col. Kawilarang, recently military attaché in Washington, is en route to Menado, North Celebes, to lend his prestige to the dissident cause. [REDACTED] 25X1A

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yes Taiwan: Chiang Kai-shek has replaced his ministers of interior, finance, and economic affairs in the first major reshuffle of the Chinese Nationalist cabinet since 1954. Chiang has long been dissatisfied with the operations of his economic agencies, and a change in the cabinet has been expected for some time. All three ministers have been under press and legislative criticism for alleged corruption in their departments.  (Page 6)

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III. THE WEST

yes France: The Socialist party leadership has decided on a gradual shift in its Algerian policy from support of Lacoste's pacification program to one of considerably more autonomy than is now provided for in the Algerian basic statute. When this shift become evident, the rightists, who have recently been gaining some support from center groups for their tough attitude toward North Africa, will either have to back down or precipitate Gaillard's overthrow. 

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yes Colombia: Replacement of moderate Conservative Leon Valencia as the agreed Liberal-Conservative choice for president is virtually certain as a result of the congressional elections of 16 March. Returns about three-quarters complete show that while the Liberal party polled a sizable majority of the popular vote, control of the Conservative party has been captured by rightist elements strongly opposed to Valencia and his candidacy. 

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Further Evidence of Suslov's Differences With Khrushchev

The US Embassy in Moscow believes that the recent election speech of party presidium member Suslov supports earlier reports of differences between him and Khrushchev over the reorganization of machine tractor stations. In early March the embassy had reliable information that Suslov was extremely annoyed at Khrushchev for proposing the reorganization publicly before discussing it in the party presidium.

Suslov's recent speeches have differed in a number of respects from those of other top leaders. In his 11 March election speech he referred to the reorganization plan only briefly and in a manner which gave no evidence of genuine enthusiasm. He was alone among presidium members in not claiming the unanimous support of the Soviet people for the plan. In marked contrast to all other top leaders, Suslov not only avoided every opportunity to acknowledge Khrushchev's leading role but failed to mention him at all. He again pointedly omitted any reference to Khrushchev in a more recent speech to cultural workers in Saratov.

Despite these signs of continuing high-level opposition, the reorganization has already proceeded to the point where reversal is unlikely.

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Chiang Kai-shek Replaces Economic Ministers and Interior Minister

Chiang Kai-shek has dismissed Finance Minister P. Y. Hsu, Minister of Economic Affairs Kiang Pao, and Interior Minister Wang Te-pu. They will be succeeded by C. K. Yen, Yang Chi-tseng, and Tien Chung-chin, respectively. A change in the Chinese Nationalist cabinet has been expected since the impeachment proceedings against Premier O. K. Yui last winter. Yui received only a verbal reprimand as a result and Chiang Ching-kuo, the President's elder son and Nationalist security boss, has stated that Yui's replacement is not yet being planned.

Chiang Kai-shek has long been disturbed by inefficiency and corruption in the government, particularly in the economic agencies. Many government organs have been under investigation since last December, and press stories have appeared linking all three of the dismissed ministers with corrupt activities.

The shake-up probably is an attempt by Chiang Kai-shek to reduce criticism of his government and instill efficiency. The replacements chosen are not prominent party leaders, and no radical changes of policy are likely. Elimination of Finance Minister Hsu, however, and his replacement by C. K. Yen may indicate that some changes will be made in the system of multiple exchange rates, which has been much criticized by American advisers. [REDACTED]

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III. THE WEST

French Socialists Shifting Stand on Algeria

The French Socialist party leadership has decided that its Algerian policy is to be gradually shifted from support of Lacoste's pacification program to one of considerably more autonomy than is now provided for in the Algerian basic statute. Top leaders at the 15 March meeting of the party's national council indicated their agreement on the change, which features early elections under foreign supervision. Party workers are to be re-indoctrinated before the National Congress in June when the new program will probably be presented. The national council meeting was highlighted by Secretary General Guy Mollet's first public criticism of Lacoste, whose subsequent offer to resign was turned down.

The Socialists are trying to avoid any publicity on the shift, but when the change becomes evident their rightist partners in the coalition may be forced to precipitate a crisis or to back down on their demands for an unyielding policy in North Africa. Lacoste's tough Algerian policy has been the bridge between the Socialists and Independents. Many of the latter will be reluctant to compromise for fear of losing their electoral following, and growing support in the center parties for the tough approach may also encourage them to hold firm.

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Colombians Expected to Search for New Bipartisan
Presidential Candidate

The Colombian congressional election results of 16 March will almost certainly put an end to the joint Liberal-Conservative presidential candidacy of moderate Conservative Leon Valencia because of opposition to him from victorious rightist elements within his own party. With three quarters of the ballots counted, the Liberal party is polling about 58 percent. Control of the Conservative party was captured by the right-wing followers of Laureano Gomez, who has opposed Valencia's candidacy.

The elections were held under a constitutional amendment establishing parity in government for the next 12 years between Colombia's two traditional parties, which have been engaged in a virtual civil war for the past ten years. The calm and orderly fashion in which the elections were held and the limited gains made by a prodictatorial third faction of the Conservative party suggest that although the presidential vote may have to be postponed beyond 4 May, the parity experiment has a fair chance of success. A probable replacement for Valencia as joint presidential candidate is moderate Conservative Antonio Alvarez Restrepo, former minister of finance. [REDACTED]

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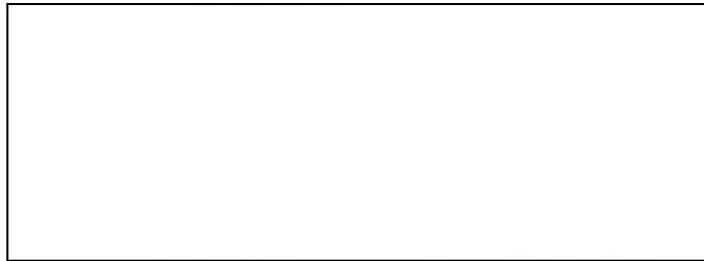
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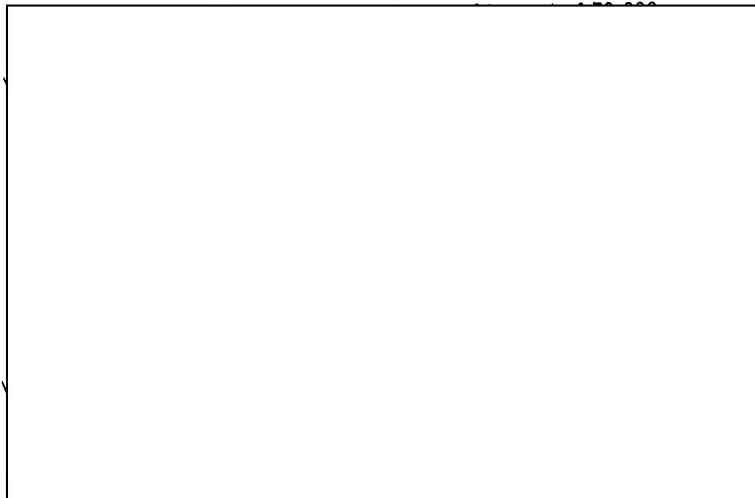
I. THE COMMUNIST BLOC




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